US SECURITIES & EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-KSB/A

(X) Annual report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal period ended December 31, 2001.

( ) Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from                to            .

Commission File Number 0-24185

CENTRAL AMERICAN EQUITIES CORP.

| | |
|---|---|
| Florida | 65-0636168 |
| (State or other jurisdiction of incorporated or organization) | (IRS Employer Identification Number) |

Hotel Alta, Alto de las Palomas
Santa Ana, Costa Rica
(Mailing: POB 718-1260 Plaza Colonial, Escazu, Costa Rica)
(Address of Principal Executive Offices)

+011 (506) 282-4160
(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act:

None

Securities registered under Section 12(g) of the Exchange Act:

Class A Common Stock, $.001 Par Value

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding twelve (12) months (or for such shorter period that registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety (90) days. YES ( X ) NO (   ).

Note: The Company has not yet filed 10-Q reports required in 2002.

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and if no disclosure will be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10KSB or any amendment to this Form 10-KSB. [ ]

$1,079,234

(Issuer's revenues for its most recent fiscal year).

(Aggregate market value of the voting stock held by non-affiliates of Registrant)

14,739,268 Shares Class A Common Stock, $.001 par value

(Number of shares outstanding of each of the Registrant's classes of common stock, as of December 31, 2001

Transitional Small Business disclosure format (check one)
YES [ X ] NO [ ]

DOCUMENTS INCORPORATED BY REFERENCE

Annual Report on Form 10K of Registrant for the year ended December 31, 2000
Annual Report on Form 10K of Registrant for the year ended December 31, 2001
Report on Form 8K of January 2002

## ITEM 6. MANAGEMENT DISCUSSION AND ANALYSIS

In June 2002 the Company filed a 10-KSB that contained un-audited financial statements for 2001. This amended 10-KSB/A contains audited financial statements for 2001. These audited financial statements also contain important updates and corrections from the un-audited statements filed in June 2002. The reader should refer to the original 10-KSB filing for information required under other items.

The following is management's discussion and analysis of significant factors which have affected the Company's financial position and operations during the fiscal year ended December 31, 2001.

### Overview

With the opening of Hotel Alta in December 1997, 2001 marked the fourth year of full operation of the Company's hotels. During 2001, the Company attempted to respond to several critical challenges.

Improving Cash Flow.

Although the Company went public in August 2000, it was unable to raise funds necessary for working capital or expansion through the sale of stock during the subsequent eighteen-month period. As a consequence, limited cash flow and uncertain opportunity to require additional loans or other funding sources required the Company to reduce expenditures.

The Recession and the Terrorist Attacks Led to a Decline in Occupancy. A reduction in marketing, coupled with a slowing of the American economy (more than 75% of tourists and business travelers to the Company's hotels come from the United States) and an increase in competition from numerous new hotels and restaurants, affected occupancy at the Company's hotels during the first nine months of 2001. During the first nine months of 2001, growth in occupancy at Sunset Reef grew slightly and at Hotel Alta, occupancy declined (particularly in February and March). The decline was exacerbated by a sharp drop in travel to Costa Rica during the period following the terrorist events of September 11.

Cost Reductions. With additional funding through loans uncertain, management felt it was critical to reduce losses during 2001. During the first nine months of 2001, staff reductions were made in management including the contracting out of internal accounting services. In July, management revamped the marketing and sales department and dismissed the general manager of Hotel Alta. During 2001, total operational costs (costs of services plus general and administrative costs) were reduced by approximately $214,000 (or 14.5%) from the previous year.

Restructuring the Loan on Hotel Alta.

During 2001, the Company had $481,376 outstanding against a $500,000 line of credit with Banco BCT, which had interest at the prime rate plus 3%. The note was collateralized by Hotel Alta. The funds advanced under this line of credit were utilized to supplement cash flow for operating expenses and construction costs. Principal payments were to begin on January 10, 2000 in monthly installments of $38,462. However, with limited cash flow and no proceeds from a planned sale of stock, the Company was unable to make principal payments on the loan.

During 2001, interest and penalties only were paid on the loan to keep it from default. In February 2002, the Company succeeded in restructuring the loan. The new terms included a length of 70 months; an annual interest rate of prime rate plus 3.75%, and monthly principal payments that vary with the high and low occupancy periods of Hotel Alta. Principal payments in the first year will vary from $3,000 to $9,000 per month.

Sale of Ecolodge San Luis

Continued declines in occupancy and revenue at Ecolodge San Luis & Biological Station over the 12 months prior to July 2001 caused the Company to evaluate its ability to make a profit on this facility. In July 2001, management decided to sell Ecolodge San Luis because of its disappointing sales.

In December 2001, the Company sold Ecolodge San Luis property, all related assets, structures, and the hotel business and its operating licenses to Corporacion Negro y Rojo de San Luis S.A., a Costa Rica corporation affiliated with the University of Georgia. (Milton and Diana Lieberman, former employees of Central American Equities represented the University Georgia in this transaction and, in addition, were officers of Corporacion Negro y Rojo de San Luis S.A.)

Total consideration for the sale was $895,000 dollars including previously received option payments. The loss on the sale of the asset (net price less net book value) was $265,000. The price was based upon the value of assets and the ongoing business. The Company initially financed the purchase of the asset under the following terms: a) a 10% interest rate (13% if payments are delinquent), b) a varying payment schedule to be completed within one-year of sale, and c) a $3000 (increasing to $4,500) monthly rental fee for the Ecolodge San Luis hotel business to be paid until payments for the business are completed. Initial receipts from the purchase were used to pay all Ecolodge San Luis liabilities including all severance-related payments to employees. In May 2002, the Company renegotiated the sale. The Company forgave interest and rental payments in exchange for a faster payment of all outstanding principal.

Management plans to use proceeds from the sale of Ecolodge San Luis to reduce corporate debt including debt related to Sunset Reef, thereby achieving its reacquisition (see below).

Repurchasing Sunset Reef.

In November 1999, the Company agreed to a note in the amount of $210,000 payable to a director of the Company, O. Fred W. Rosenmiller. The note was collateralized by Company property, Sunset Reef Marine Hotel. At the time of the agreement, the Company also used the Sunset Reef property as collateralization for salary past due for the President of the Company, Michael Caggiano, in the amount of $54,668 (see Notes to the Financial Statements). Unable to repay the loan when due in November of 2000, ownership of Sunset Reef passed to Rosenmiller and Caggiano in January 2001. The Company, however, continued to operate Sunset Reef and it remained a source of revenue.

It is management's intention to pay the loan collateralized with Sunset Reef and return Sunset Reef to the balance sheet when it achieves the expected revenues from the sale of the Ecolodge. (Management achieved this goal in June 2002.)

**Future Direction: Merger or Acquisition**

Management is taking several steps to try to strengthen the Company during 2002. Of greatest significance, management has been seeking to grow the business through a merger with a strategic partner in Costa Rica. Among its assets, management continues to believe that the Company's public trading status makes it an attractive merger partner.

The Company has continued to actively seek potential merger and partnership opportunities in tourism and related industries. Currently it is exploring the potential synergies of a merger with a local air transportation provider.

During 2001, two acquisitions had been contemplated, although neither reached fruition. The Company had merger discussions with Health Care Merger Corporation (formerly Centracan). The Company considered the cost of such a merger high and, as a result, discussions ended in April 2001. In May 2001, management began negotiations with an internet gaming company in an effort to explore opportunities in supplying services to the internet gaming industry. Because it was provided with insufficient data to analyze the merits of the acquisition, management allowed a letter of intent with this company to expire without action in September of 2001.

Other Opportunities. During 2002, management sees several opportunities for Company growth unrelated to mergers or acquisitions. First, if terrorism activities are insignificant and the US economy recovers, travel to Costa Rica may increase with subsequent increases in occupancy at Sunset Reef and Hotel Alta. Second, management achieved additional revenue through the operations of Restaurant Tropicana at Playa Carmen. These revenues are predicted to increase in 2002. Third, with the hiring of a new marketing and sales team in the first quarter of 2002, management will focus on the expansion over the internet of its ATP-Costa Rica (in-bound travel) operations.

**Results of Operations --- Years Ending December 31, 2000 and 2001**

The following is management's discussion and analysis of significant differences in the Company's financial position and operations between the fiscal year ended December 31, 2000 and the fiscal year ended December 31, 2001

Balance Sheet

Between Fiscal Year Ended (FYE) 2000 and FYE 2001, total assets decreased from approximately $7,954,000 to approximately $7,222,000 reflecting: a) depreciation of $168,364 and b) the removal of two Company assets from the list of fixed assets (Ecolodge San Luis and Sunset Reef). The loss of Company assets was balanced partially by an increase in accounts receivable ($755,000 from the sale of Ecolodge San Luis) and an increase in long-term assets that includes the option to repurchase Sunset Reef (listed in the balance sheet as "option to re-acquire facility").

Between FYE 2000 and FYE 2001, total liabilities decreased from approximately $1,487,000 to approximately $1,452,000. Long-term debt declined from approximately $1,044,000 to approximately $823,000. This was due primarily to the cancellation of debt due to an officer (Rosenmiller) through the transfer of Sunset Reef.

Current liabilities increased by about $186,000 during FYE 2001. This increase partially reflects salary due to the President of the Company and taxes due.

Statement of Operations

Revenues at the hotels are primarily dependent upon the occupancy rates, per room charges and restaurant charges (although other services are sold). During 2001, occupancy at Hotel Alta and Sunset Reef remained approximately the same from 2000. Ecolodge San Luis' occupancy declined. Seeing this continuing trend, the Company decided to sell Ecolodge San Luis in July 2001. Management began to shutdown operations at Ecolodge in August, having received a letter of intent to buy in July. By October all Ecolodge San Luis employees had been liquidated in preparation for a sale in October (when the first option on the Ecolodge was to expire). During the last quarter of 2001 the Company paid all liabilities and liquidation costs on the property. Legal fees for negotiating the sale were approximately $20,000.

Between FYE 2000 and FYE 2001 total sales revenue decreased from $1,429,906 to $1,079,234. This partially reflects the foregone revenues from closing the Ecolodge. Total operational expenses (cost of services and general and administrative costs) were $1,267,274 in 2001. This represents a decline of a $214,167 (14.5%) from the same period in 2000. The decline in operational expense is larger than indicated as there were one-time costs during the year related to the closure of Ecolodge San Luis that are included in this category.

The Company had a loss of about $188,000 before depreciation and other expenses (interest and loss on the sale of property). During FYE 2001, depreciation was approximately $168,000. Of the $90,720 in interest expense during the period, the majority was interest and penalties related to the $500,000 loan with Banco BCT. These payments include interest and penalties from FYE 2000 when the Company was unable to make principal payments.

Net losses increased reflecting the loss on the sale of an asset. Ecolodge San Luis had a net book value of $1,110,366. The Company sold Ecolodge San Luis for a net price of $845,000 recording a loss of about $265,366 (see Note 9 to Consolidated Financial Statements). Net loss for FYE 2001 was approximately $712,000. Reported loss per share is about $0.05. Between FYE 2000 and FYE 2001 cumulative losses (retained deficit) grew to approximately $4,450,000.

### Liquidity and Capital Resources

To date, Company operations have resulted in losses, albeit declining. During 2001, capitalization was not sufficient to fund necessary expenses, although for the first time, management did not acquire loans for working capital. The Company has limited, albeit improving, cash liquidity and capital resources. The Company plans to hold sufficient cash from the sale of assets in reserve to protect against liquidity needs during 2002.

## ITEM 7. FINANCIAL STATEMENTS

In June 2002 the Company filed a 10-KSB that contained un-audited financial statements for 2001. This amended 10-KSB/A contains audited financial statements for 2001.

Report of Independent Auditors

Board of Directors
Central American Equities Corp. and Subsidiaries

We have audited the accompanying consolidated balance sheet of Central American Equities Corp. and Subsidiaries as of December 31, 2001, and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Central American Equities Corp. and Subsidiaries at December 31, 2001 and the results of their operations, and their cash flows for the years ended December 31, 2001 and 2000 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. In 1998, the Company completed its inaugural year of full operations and experienced net losses and had limited liquidity and capital resources. The Company's uncertainty as to its sales growth and its ability to raise sufficient capital, raise doubt about the entity's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Pinkham & Pinkham, P.C.
Certified Public Accountants

February 6, 2003
Cranford, New Jersey

CENTRAL AMERICAN EQUITIES CORP. AND SUBSIDIARIES

Audited Consolidated Balance Sheet

December 31,

Assets

| | 2001 |
|---|---|
| Current assets | |
| Cash and cash equivalents | $ 28,495 |
| Account receivable | 94,004 |
| Account receivable from sale of asset | 755,000 |
| Inventory | 18,920 |
| Prepaid expenses | 4,268 |
| | 900,687 |
| Buildings and equipment, | |
| Net of depreciation | 5,060,113 |
| Other assets | |
| Other assets | - |
| Option to reacquire facility | 1,261,007 |
| | 1,261,007 |
| Total assets | $7,221,807 |

Liability and Stockholders' Equity

| | |
|---|---|
| Current liabilities | |
| Accounts payable | $ 308,682 |
| Accrued expenses | 320,281 |
| | 628,963 |
| Other liabilities | |
| Long term debt | 529,676 |
| Due to officers | 293,135 |
| | 822,811 |
| Total Liabilities | 1,451,774 |
| Stockholders' equity | |
| Common stock – $.001 par value; 20,000,000 Authorized, 12,230,252 issued and outstanding | 14,739 |
| Preferred stock - $.001 par value; 1,000,000 shares authorized, 0 issued and outstanding | - |
| Additional paid-in capital | 10,149,816 |
| Unrealized gain on foreign exchange | 55,929 |
| Retained deficit | (4,450,451) |
| | 5,770,033 |
| Total liabilities and stockholders’ equity | $ 7,221,807 |

See Notes to Consolidated Financial Statements

CENTRAL AMERICAN EQUITIES CORP. AND SUBSIDIARIES

Audited Consolidated Statements of Operations
For the Years Ended December 31,

| | 2001 | 2000 |
|---|---|---|
| Revenues | $ 1,079,234 | $ 1,429,906 |
| Cost of services | 238,934 | 208,875 |
| Gross profit | 840,300 | 1,221,031 |
| Operations | | |
| General and administrative | 1,028,340 | 1,272,566 |
| Depreciation | 168,364 | 209,252 |
| | 1,196,704 | 1,481,818 |
| | (356,404) | (260,787) |
| Other expense | | |
| Interest expense | (90,720) | (327,585) |
| (Gain) On other income sale of asset (net) | (265,366) | - |
| | (356,086) | (327,585) |
| Loss Before Provision for Income Taxes | (712,490) | (588,372) |
| Provision for income taxes | - | - |
| Net loss | $ (712,490) | (588,372) |
| Net loss per common share | $ (.05) | $ (.04) |
| Weighted average share of common stock outstanding | 14,739,268 | 13,484,760 |

See Notes to Consolidated Financial Statements

CENTRAL AMERICAN EQUITIES CORP. AND SUBSIDIARIES

Audited Consolidated Statement of Stockholders' Equity (Deficit)

| | Common Stock | Paid in Capital | Retained Deficit | Unrealized Foreign Exchange | Total |
|---|---|---|---|---|---|
| **Balance 12/31/99** | $ 12,230 | $ 8,897,817 | $(3,149,589) | $ 40,352 | $5,800,810 |
| Issuance of common stock | 2,509 | 1,251,999 | - | | 1,254,508 |
| Unrealized gain on foreign exchange | - | - | - | 714 | 714 |
| Net loss | - | - | (588,372) | - | (588,372) |
| **Balance at 12/31/00** | $ 14,739 | $10,149,816 | $(3,737,961) | $ 41,066 | $6,467,660 |
| Issuance of common stock | 0 | 0 | - | | 0 |
| Unrealized gain on foreign exchange | - | - | - | 14,863 | 14,863 |
| Net loss | - | - | (712,490) | - | (712,490) |
| **Balance at 12/31/01** | $ 14,739 | $10,149,816 | $(4,450,451) | $ 55,929 | $5,770,033 |

See Notes to Consolidated Financial Statements

CENTRAL AMERICAN EQUITIES CORP. AND SUBSIDIARIES

Audited Consolidated Statements of Cash Flows
For the Years ended December 31,

| | 2001 | 2000 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net loss | $ (712,490) | $ (588,372) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 168,364 | 177,054 |
| Unrealized gain on foreign exchange | 14,863 | 714 |
| Loss on sale of facilities | 265,366 | - |
| Change in assets and liabilities: | | |
| Decrease (increase) in: | | |
| Accounts receivable | (56,931) | (32,853) |
| Inventory | (7,846) | (1,034) |
| Prepaid expense | 10,436 | (11,899) |
| Increase (decrease) in: | | |
| Accounts payable | (5,799) | 284,379 |
| Accrued expenses | 206,681 | (63,273) |
| Net cash used in operating activities | (117,356) | (235,284) |
| Cash flows from investing activities: | | |
| Security Deposit | 4,801 | - |
| Payment received on note for sale of facilities | 110,000 | - |
| Payable on Sale of Facilities | 20,000 | - |
| Net cash provided by investing activities | 134,801 | - |
| Cash flows from financing activities: | | |
| Proceeds from loans | - | 45,635 |
| Proceeds from loans from officers | 11,108 | 138,700 |
| Payment of loans | (15,959) | - |
| Proceeds from issuance of common stock | - | 84 |
| Proceeds from additional paid in capital | - | 41,897 |
| Net cash provided by financing activities | (4,851) | 226,316 |
| Net (decrease) increase in cash | 12,594 | (8,968) |
| Cash – beginning of year | 15,901 | 24,869 |
| Cash – end of year | $ 28,495 | $ 15,901 |

See Notes to Consolidated Financial Statements

CENTRAL AMERICAN EQUITIES CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (continued)
For the Years ended December 31,

| | 2001 | 2000 |
|---|---|---|
| Supplemental Disclosure of Noncash Investing and Financing Transactions | | |
| Stock issued for payment of loan from shareholders | $ - | $ 1,212,527 |
| Note receivable from sale of facilities | $ 755,000 | $ - |
| Property exchanged in satisfaction of lien | | |
| Buildings (Sunset Reef net of accumulated depreciation of $167,869) | (1,532,007) | - |
| Option | 1,261,007 | - |
| Satisfaction of accounts payable | 61,000 | - |
| Reduction in due to officer | 210,000 | - |
| Supplemental Disclosure of Cash Flow Information: | | |
| Interest paid | $ 90,720 | $ 327,585 |
| Income taxes paid | $ - | $ - |

See Notes to Consolidated Financial Statements

## Note 1 - Summary of Accounting Policies

### Nature of Business

Central American Equities Corp. and Subsidiaries (the "Company") was incorporated under the laws of the State of Florida on January 23, 1996. The Company provides an integrated eco-vacation experience in Costa Rica, and is in the business of owning and operating hotels and real property in Costa Rica.

In December of 1996, the Company entered into an agreement for the exchange of common stock ("Exchange Agreement") with Cal Tico, L.P., Ecolodge Partners, L.P. and Marine Lodge Partners, L.P. (Partnership). Pursuant to the exchange agreement, the company issued 7,756,885 and 3,099,392 shares of common stock to limited partners and the general partners, respectively, of the partnerships. In exchange for the shares, the partnership transferred all of their interests (i.e. 100% of the outstanding common stock) in the following Costa Rican corporations: Hoteleria Cal Tico, S.A.; Bandirma, S.A.; Sociedad Protectora De La Fuana y Flora Marintima De Mal Pais, S.F.; Ecoprojecto San Luis, S.A. and Confluencia, S.A.

Cal Tico, L.P. was a California limited partnership that was formed in July 1992 to raise $2 million to purchase the land and construct Hotel Alta. Cal Tico, L.P. owns 100% of the stock in Hoteleria Cal Tico, S.A., a Costa Rican corporation. Hoteleria Cal Tico, S.A, owns the land and buildings at Hotel Alta.

Ecolodge Partners, L.P. was formed in July 1993 to raise a total of $1.3 million in a private placement offering to purchase the land and construct the Ecolodge San Luis and Biological Station. Ecolodge Partners was a California limited partnership that owned all of the stock in Ecoproyecto San Luis, S.A. and Confluencia San Luis, S.A., the two Costa Rican companies that own the Ecolodge land and buildings.

Marine Lodge Partners L.P. was formed in March 1995 to raise $1 million for the purchase and renovation of the Sunset Reef. MarineLodge Partners was a California limited partnership. Marine Lodge Partners owned 100% of the stock in Bandirma, S.A. Bandirma owns: a) 90% of the Sociedad Protectora De La Fauna y Flora Maritima de Mal Pais S.A., a Costa Rican corporation which owns the land and buildings at Sunset Reef, and b) 100% of Muxia, S.A. which owns 100% of the land and buildings at Playa Carmen.

### Basis of Consolidation

The consolidated financial statements include the consolidated accounts of Central American Equities Corp. and its subsidiaries. Hoteleria Cal Tico, S.A., Bandirma, S.A., Sociedad Protectora De La Fuana y Flora Marintima De Mal Pais, S.F., Ecoprojecto San Luis, S.A. and Confluencia, S.A. are held 100% by the Company. All intercompany transactions and accounts have been eliminated in consolidation.

### Cash and Cash Equivalents

For purposes of the statement of cash flows all certificates of deposits with maturities of 90 days or less, were deemed to be cash equivalents.

### Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed provided using the straight-line method over the estimated useful lives of five for equipment, seven years for furniture and fixtures and forty years for buildings and improvements.

Repairs and maintenance costs are expensed as incurred while additions and betterments are capitalized. The cost and related accumulated depreciation of assets sold or retired are eliminated from the accounts and any gain or losses are reflected in earnings.

## Note 1 - Summary of Accounting Policies (continued)

Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of Statement of Accounting Standard No. 123

In 1997, the Company adopted Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). SFAS 123 encourages, but does not require companies to record at fair value compensation cost for stock-based compensation plans. The Company has chosen to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock. The difference between the fair value method of SFAS-123 and APB 25 is immaterial.

Adoption of Statement of Position 98-5

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5, Reporting the Costs of Start-Up Activities, which requires that costs related to start-up activities be expensed as incurred. Prior to 1998, the Company capitalized its organization costs. The Company adopted the provisions of the SOP in its financial statements for the year ended December 31, 1998. The effect of adoption of SOP 98-5 was to record a charge for the cumulative effect of an accounting change of $235,605 ($.02 per share), to expense costs that had been previously capitalized prior to 1998.

Adoption of Statement of Accounting Standard No. 128

In February 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 128, "Earnings per Share" (SFAS 128). SFAS 128 changes the standards for computing and presenting earnings per share (EPS) and supersedes Accounting Principles Board Opinion No. 15, "Earnings per Share." SFAS 128 replaces the presentation of primary EPS with a presentation of basic EPS. It also requires dual presentation of basic and diluted EPS on the face of the income statement for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. SFAS 128 is effective for financial statements issued for periods ending after December 15, 1997, including interim periods. This Statement requires restatement of all prior period EPS data presented.

As it relates to the Company, the principal differences between the provisions of SFAS 128 and previous authoritative pronouncements are the exclusion of common stock equivalents in the determination of Basic Earnings Per Share and the market price at which common stock equivalents are calculated in the determination of Diluted Earnings Per Share.

Basic earnings per common share is computed using the weighted average number of shares of common stock outstanding for the period. Diluted earnings per common share is computed using the weighted average number of shares of common stock and dilutive common equivalent shares related to stock options and warrants outstanding during the period.

## Note 1 - Summary of Accounting Policies (continued)

The adoption of SFAS 128 had no effect on previously reported loss per share amounts for the year ended December 31, 1997. For the years ended December 31, 1999 and 1998, primary loss per share was the same as basic loss per share and fully diluted loss per share was the same as diluted loss per share. A net loss was reported in 1998 and 1997, and accordingly, in those years the denominator was equal to the weighted average outstanding shares with no consideration for outstanding options and warrants to purchase shares of the Company's common stock, because to do so would have been anti-dilutive. Stock options for the purchase of 357,500 shares at December 31, 1998 were not included in loss per share calculations, because to do so would have been anti-dilutive.

### Revenue Recognition

The Company records revenue at the point of service and maintains its corporate records for both financial statement and tax return purposes on the accrual method of accounting.

### Foreign Exchange

Assets and liabilities of the Company, which are denominated in foreign currencies, are translated at exchange rates prevailing at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates throughout the year. The unrealized translation gains and loses are accumulated in a separate component of stockholders' equity Translation exchange gains and losses are reflected in net earnings.

### Fair Value of Financial Instruments

The carrying amount of the Company's financial instruments, which principally include cash, note receivable, accounts payable and accrued expenses, approximates fair value due to the relatively short maturity of such instruments.

The fair value of the Company's debt instruments is based on the amount of future cash flows associated with each instrument discounted using the Company's borrowing rate. At December 31, 2001 and 2000, respectively, the carrying value of all financial instruments was not materially different from fair value.

### Income Taxes

The Company has net operating loss carryovers of approximately $4.4 million as of December 31, 2001, expiring in the years 2012 through 2021. However, based upon present Internal Revenue regulations governing the utilization of net operating loss carryovers where the corporation has issued substantial additional stock, most of this loss carryover may not be available to the Company.

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes, effective July 1993. SFAS No.109 requires the establishment of a deferred tax asset for all deductible temporary differences and operating loss carryforwards. Because of the uncertainties discussed in Note 2, however, any deferred tax asset established for utilization of the Company's tax loss carryforwards would correspondingly require a valuation allowance of the same amount pursuant to SFAS No. 109. Accordingly, no deferred tax asset is reflected in these financial statements.

## Note 2 - Going Concern

As shown in the accompanying financial statements, the Company incurred a net loss of approximately $712,000 during the year ended December 31, 2001.

## Note 2 - Going Concern (continued)

The Company has received additional financing through the sale of a non-performing asset, continues to control expenses, and evaluates the ongoing performance of the Company's assets. The ability of the Company to continue as a going concern is dependent on the success of application and techniques. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

## Note 3 - Property and Equipment

As of December 31, 2001 plant and equipment consisted of the following:

| | |
|---|---|
| Land | $840,075 |
| Buildings | 4,489,519 |
| Machinery and equipment | 97,472 |
| Furniture and fixtures | 286,635 |
| Computer equipment | 73,693 |
| | 5,787,394 |
| Less accumulated depreciation | 727,281 |
| | $ 5,060,113 |

## Note 4 - Notes Payable

The Company has $481,376 outstanding against a $500,000 line of credit with Banco BCT, which bears interest at the prime rate plus 3%. Principal payments were to begin on January 10, 2000 in monthly installments of $38,462; however, payments were renegotiated. During 2001, interest only was paid on the last day of each month. In February 2002, the Company restructured the loan. The new terms include a loan term of 70 months; an annual interest rate of prime plus 3.75%, and monthly principal payments that vary with the high and low occupancy periods of Hotel Alta. Monthly principal payments in year one will vary from $3,000 to $9,000. The funds advanced under this line of credit were utilized to supplement cash flow for operating expenses and construction costs. The note is collateralized by property of the Company.

Included in notes payable at December 31, 2001 is a note payable to shareholder, dated July 21, 2000, of $48,300. The note payable bears interest at 21% and is due July 22, 2002.

## Note 5 - Due to Officers

Notes payable as of December 31, 2001 are as follows:

| | |
|---|---|
| Note payable to shareholder dated November 30, 2000 with interest at 6% with no set terms for prepayment | $132,700 |
| Note payable to shareholder dated July 15, 2000 with interest at 6% with no set terms for prepayment | 6,000 |
| Note payable to shareholder with no set terms for prepayment | 4,775 |
| Note payable to shareholder with interest at 13%, the due date is being renegotiated | 149,660 |
| Total Due to Officers | $293,135 |

## Note 6 - Commitments

The Company has a month-to-month lease for 1 acre of property. Minimum rentals in the year ending December 31, 2002 are $18,000

## Note 7 - Business Combination

On December 6, 1996 the Company entered into an agreement for the exchange of common stock ("Exchange Agreement") with Cal Tico, L.P., Ecolodge Partners, L.P. and Marine Lodge Partners, L.P. ("Partnership"). Pursuant to the exchange agreement, the Company issued 7,756,885 and 3,099,392 shares of common stock to the limited partners and the general partners, respectively, of the partnerships. In exchange for the shares, the partnership transferred all of their interests (i.e. 100% of the outstanding common stock) in the following Costa Rican corporations: Hotelera Cal Tico, S.A.; Bandirma, S.A.; Sociedad Protectora De La Fuana y Flora Marintima De Mal Pais, S.F.; Ecoprojecto San Luis, S.A. and Confluencia, S.A. The acquisition has been accounted for as a purchase transaction and, accordingly, the fair value of the Company's stock that was issued was allocated to assets and liabilities based on the estimated fair value as of the acquisition date.

## Note 8 – Loss of Asset

On January 5, 2001, the title for Sunset Reef Marine Hotel passed to Rosenmiller and Caggiano. At such date the Company entered into an agreement with the option to purchase Sunset Reef Marine Hotel for $271,000. The option will expire February 5, 2002. The Company has also reached an agreement to rent Sunset Reef Marine Hotel at the rate of $1,000 per month until February 5, 2002. Finally, if the option to purchase is not exercised or extended, any amounts received from the sale of the property beyond the amounts due to Rosenmiller and Caggiano, $210,000 and $54,668, respectively, plus fees and interest will be paid to the Company.

## Note 9 - Sale of Ecolodge San Luis & Biological Station

In December 2001, the Company sold the Ecolodge San Luis property, all related assets, structures, and the hotel business and its operating licenses to Corporacion Negro y Rojo de San Luis S.A., a Costa Rica corporation owned by the University of Georgia. Milton and Diana Lieberman, former employees of Central American Equities, represented the University of Georgia in this transaction.

Total consideration for the sale was $895,000 dollars including previously received option payments. The loss on the sale of the asset (net price less net book value) was approximately $265,000. The price is based upon the value of assets and the ongoing business. The Company initially financed the purchase of the asset under the following terms: a) a 10% interest rate (13% if payments are delinquent), b) a varying payment schedule to be completed within one year of sale, and c) a $3,000 (increasing to $4,500) monthly rental fee for the Ecolodge San Luis hotel business to be paid until payments for the business were completed. Initial receipts from the purchase were used to pay all Ecolodge San Luis liabilities including all severance-related payments to employees. Following non-payment of principal in February 2002, in May 2002, the Company renegotiated the sale with officials of the University of Georgia Real Estate Foundation. The Company forgave interest and rental payments in exchange for immediate payment of all outstanding principal.

## Note 9 - Sale of Ecolodge San Luis & Biological Station (continued)

The details on the transaction are as follows:

| | | |
|---|---|---|
| Note receivable | | |
| | Sale price | $ 895,000 |
| | Liquidation & liabilities | 30,000 |
| | | 865,000 |
| | Cash payments received | 110,000 |
| | | $ 755,000 |
| | | |
| | Net sale price | $ 865,000 |
| | Legal and transfer | 20,000 |
| | | $ 845,000 |
| Net book value | | |
| | Land | $ 305,422 |
| | Structures & equipment | 927,815 |
| | Accumulated depreciation | (122,871) |
| | Net book value | $ 1,110,366 |
| Net price | | |
| | Gross price | $ 895,000 |
| | Cost of sale | 50,000 |
| | Net price | 845,000 |
| | Net book value | 1,110,366 |
| | Loss on sale of asset | $ (265,366) |

## ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS

The Company's accountants are Pinkham and Pinkham, P.C., C.P.A. At no time have there been any disagreements with such accountants regarding any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure. The 2001 financial statements in this filing are audited by Pinkham and Pinkham, P.C., C.P.A..

## ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

No exhibits are filed with this Form 10-KSB/A (for FYE 2001). Additional exhibits and items may be found in the Annual Report on Form 10K of the Registrant for the year ended December 31, 2001. No reports were filed on Form 8-K during the last quarter of the period covered by this report. A report on Form 8-K was filed in January 2002 that reported the sale of Ecolodge San Luis.

## VERIFICATION SIGNATURES

In accordance with Section 12 of the Securities and Exchange Act of 1934, the registrant caused this registration to be signed on its behalf by the undersigned, thereunto duly authorized.

CENTRAL AMERICAN EQUITIES CORP.

BY: Michael N. Caggiano, President/CEO/Board Director

MICHAEL N. CAGGIANO, President/CEO/Board Director
Principal Financial and Accounting Officer

BY: Richard Wm. Talley, Board Director

RICHARD WM. TALLEY, Board Director

BY: W.F. Rosenmiller, Board Director

W.F. ROSENMILLER, Board Director